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Subject: Form 8300 questions

We agree with the guidance previously issued by our office regarding Example 2 below. "The term 'related transactions' means any transaction conducted between a payor [John in the hypothetical example] and a recipient of cash [an insurance company] in a 24-hour period." Treas. Reg. § 1.6051-1(c)(7)(ii). The factual analysis of whether the recipient knows or has reason to know that each transaction is one of a series of connected transactions does not come into play because John in Example 2 purchased both products within a 24-hour period. Separate payments on one transaction are not themselves individual transactions. For purposes of Example 2, the key to determining whether two or more transaction are "related transactions" subject to Form 8300 reporting focuses on whether the same payor and the same recipient exchange currency as part of multiple transactions conducted within a 24-hour period. In this example, they do.

Since the transactions in Example 2 are, by definition, related transactions, the next step is to determine if the \$10,000 reporting threshold is met. A business receiving more than one cash payment for related transactions must report the multiple payments any time the total amount received exceeds \$10,000 in cash within a 12-month period. Treas. Reg. § 1.6051-1(b). When John submits the \$1,000 payment to the recipient less than 4 months (April 2009) after the initial payment (January 2009), the aggregate amount of currency exchanged between the payor and the recipient exceeds \$10,000. This must be reported using Form 8300. As to whether the concepts of related transactions and aggregation of multiple payments are exclusive of one another, there is no indication that they cannot apply together. In fact, § 1.6051-1(b) states, "The receipt of multiple cash deposits or cash installment payments (or other similar payments or prepayments) . . . relating to a single transaction (or two or more related transactions) is reported"

Please let me know if you have any further questions.

Thanks,